

To: Loftin, Jerry R., Young, Mark
From: S=Cook; G=Bruce; I=A.; O=msmail; P=rjrt; A=rjrx400; C=us
Posted: 1/21/98 21:48
Opened: 1/23/98 11:30
Subject: FW: NJ Smuggling

Thought you'd be interested in this article. If you see any sales trends that indicate that business is leaving NJ, state govt affairs would be interested in any info that your RBM's could share. Its a little too early to get a true read now, but the story that follows indicates that there could be some major changes. Any help with this would be appreciated in the future. I've discussed this with Fitz.

Thank you.
Bruce

-----Original Message-----

From: Cook, Bruce A.
Sent: Tuesday, January 20, 1998 11:58 AM
To: Coyle, Colleen A.; Wilmesher, Dave L.; Fitzgerald, Don P.
Subject: FW: NJ Smuggling

Thought you'd want to see this article just sent to me. Share as you feel is appropriate.
Bruce

-----Original Message-----

From: Cole, Ron W.
Sent: Tuesday, January 20, 1998 11:35 AM
To: Cook, Bruce A.; Lester, Frank G.; Phillips, Mike W.; Tompson, Randy; Nelson, Byron (WKA)
Subject: NJ Smuggling

NEWARK, N.J. (AP)--The doubling of New Jersey's cigarette tax has spawned a new market for bootleggers and a boom in sales in neighboring Pennsylvania.

Cigarettes from other states already have been found on store shelves in New Jersey, just weeks after the tobacco tax was doubled to 80 cents a pack Jan. 1.

Last Monday, state tax agents found cartons of contraband cigarettes with Pennsylvania tax stamps in a Newark shop. The Star-Ledger of Newark reported Sunday.

Meanwhile, vendors in Pennsylvania - where the tax is just 31 cents per pack - are reporting a huge jump in cigarette sales.

"It's crazy," said John Morgan, manager of a Wawa in Easton, Pa., just across the Delaware River from Phillipsburg. "I'm getting tons of people coming across the bridge. Tons."

Morgan said sales have jumped from 900 cartons a week to more than 2,000 a week since Jan. 1.

In the last three weeks, Kim Williamson of Lambertville has become a regular customer of the Wawa in New Hope, Pa. She said making the daily trip across the river is worth it to evade the hefty tax levy in New Jersey, where she pays upwards of \$2.75 a pack.

Dozens of others had the same idea. The New Hope store, which sells cigarettes for \$1.89 a pack, was temporarily sold out last week.

It won't happen again, said manager Donna Collins. She has since upped her order by 400 cartons, or 4,000 packs, a week.

Law enforcement and tax officials predict New Jersey, which now has one of the four highest cigarette taxes in the country, will become the focus of more elaborate smuggling operations from Southern states such as North Carolina, Kentucky and especially Virginia, which taxes cigarettes at 2.5 cents a pack, the lowest in the country, the newspaper reported.

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Alcohol, Tobacco and Firearms officials say there's no evidence yet of widespread interstate smuggling involving the Garden State. But they say experience has shown that whenever there is a significant increase in taxes, there is an increase in the contraband trade.

(END) DOW JONES NEWS 01-18-98

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